



INDUSTRIAL MARKET OVERVIEW

RYAN LAWLER, *Senior Director*

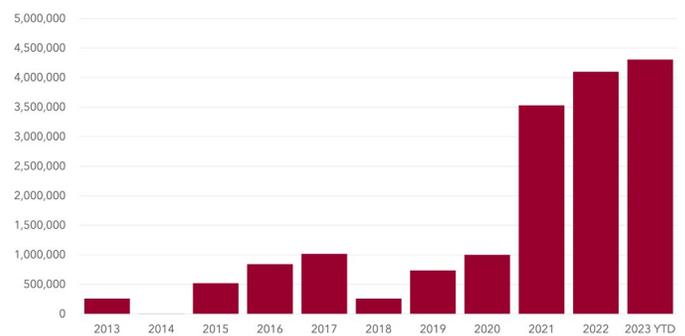
Quality flex/industrial availability remains difficult to come by even with a slight uptick in vacancy to $\pm 4.34\%$ between the Raleigh-Durham Market. Construction costs & scarce industrial land have pushed rates higher to justify new industrial product. As a result, many tenants are experiencing sticker shock forcing the difficult decision of renewing at their current location, settling for smaller space, or absorbing a higher cost of conducting business. With construction costs remaining an important variable, minimal negotiations are occurring during the proposal stage of a new deal. Similarly, Buyers are left with few to zero options to consider. Despite fluctuating interest rates, demand to purchase buildings remains high due to the area's growth and strong demographics.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ 12 Mo. Net Absorption SF	2,257,119	2,706,255	2,597,861	1,516,967	1,391,416
▲ Vacancy Rate	4.35%	3.26%	3.30%	4.62%	4.43%
▲ Avg NNN Asking Rate PSF	\$10.91	\$10.63	\$10.39	\$10.12	\$9.83
▲ SF Under Construction	4,307,034	4,101,832	3,698,399	4,091,151	3,897,677
▲ Inventory SF	47,613,782	47,276,282	47,170,182	46,650,177	45,294,177

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
300 N Duke Street Durham, NC	114,600 SF	\$73,500,000 \$641.36 PSF	Brookfield Asset Management, Inc. Longfellow Real Estate Partners	Class B
710 W Main Street Durham, NC	51,174 SF	\$39,500,000 \$771.88 PSF	Brookfield Asset Management, Inc. Longfellow Real Estate Partners	Class B
4015 S Alston Avenue Durham, NC	21,145 SF	\$1,420,000 \$67.16 PSF	Foundation Building Materials LLC Billy Ray Powell	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2530 S Tri-Center Boulevard Durham, NC	84,600 SF	Clarion Partners	VF Corporation	Manufacturing
4117 Emperor Boulevard Durham, NC	38,984 SF	Longfellow Real Estate Partners	Undisclosed	Undisclosed
2520-2528 S Tri-Center Boulevard Durham, NC	31,236 SF	Clarion Partners	Undisclosed	Undisclosed



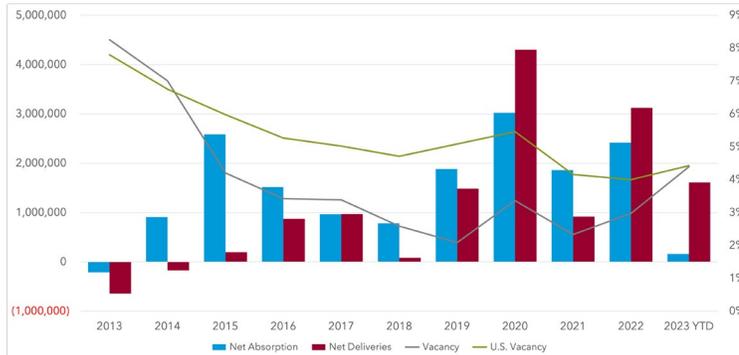
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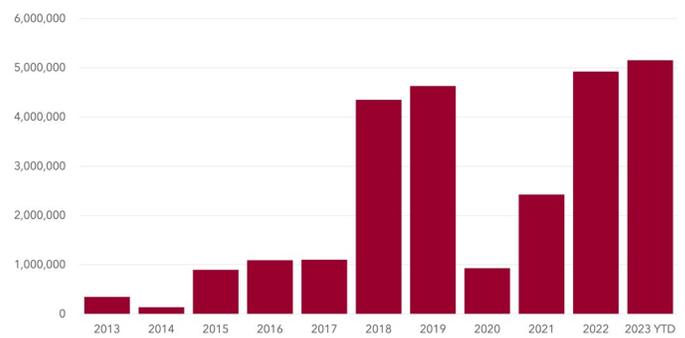
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MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▲ 12 Mo. Net Absorption SF	2,606,695	2,418,755	2,689,478	1,435,246	2,057,745
▲ Vacancy Rate	4.32%	2.98%	2.60%	2.63%	2.45%
▲ Avg NNN Asking Rate PSF	\$11.14	\$10.85	\$10.60	\$10.32	\$10.02
▲ SF Under Construction	5,153,584	4,922,991	4,957,354	6,028,556	4,925,398
▲ Inventory SF	99,198,681	97,584,861	96,784,966	95,191,316	94,661,869

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
9 N Hollybrook Road Wendell, NC	136,385 SF	\$4,700,000 \$34.46 PSF	Boylan Executive Center Third Street Screen Printing, Inc.	Class C
601 Irving Parkway Holly Springs, NC	130,127 SF	\$17,620,000 \$164.57 PSF	BBM Incorporated Stout Ventures	Class B
1515 Capital Boulevard Raleigh, NC	58,070 SF	\$1,360,000 \$23.50 PSF	Empire Properties Centerline Bonded, LLC	Class C

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
419 W River Road Louisburg, NC	195,000 SF	West Egg Real Estate, LLC	Novozymes NA Inc.	Professional, Scientific, and Technical Services
4900 Jones Sausage Road Garner, NC	164,956 SF	Beacon Development Company	Greentech Renewables-Solar Distribution	Transportation and Warehousing
935 Shotwell Road Clayton, NC	81,466 SF	Landmark Industrial	Undisclosed	Undisclosed